

during these periods may be computed by—

(A) Determining the amount of net tax liability for regular method taxes reasonably expected to be incurred during the second semimonthly period in September;

(B) Treating $\frac{1}{15}$ of the amount determined under paragraph (a)(2)(i)(A) of this section as the net tax liability for regular method taxes incurred during the period September 16th through 26th; and

(C) Treating the remainder of the amount determined under paragraph (a)(2)(i)(A) of this section (adjusted to reflect the amount of net tax liability for regular method taxes actually incurred through the end of September) as the net tax liability for regular method taxes incurred during the period September 27th through 30th.

(ii) *Safe harbor rules.* The safe harbor rules in § 40.6302(c)-1(b)(2) do not apply for the third calendar quarter unless—

(A) The deposit of taxes for the period September 16th through 26th is not less than $\frac{1}{100}$ of the net tax liability for regular method taxes reported for the look-back quarter; and

(B) The total deposit of taxes for the second semimonthly period in September is not less than $\frac{1}{2}$ of the net tax liability for regular method taxes reported for the look-back quarter.

(3) *Time to deposit.* (i) The deposit required for the period beginning September 16th must be made by September 29th unless—

(A) September 29th is a Saturday, in which case the deposit must be made by September 28th; or

(B) September 29th is a Sunday, in which case the deposit must be made by September 30th.

(ii) The deposit required for the period ending September 30th must be made at the time prescribed in § 40.6302(c)-1(c).

(b) *Persons not required to use electronic funds transfer.* The rules of this section are applied with the following modifications in the case of a person not required to deposit taxes by electronic funds transfer.

(1) *Periods.* The deposit periods for the separate deposits required under paragraph (a) of this section are Sep-

tember 16th through 25th and September 26th through 30th.

(2) *Amount of deposit.* In computing the amount of deposit required under paragraph (a)(2)(i)(B) of this section, the applicable fraction is $\frac{10}{15}$. In computing the amount of deposit required under paragraph (a)(2)(ii)(A) of this section, the applicable fraction is $\frac{10}{90}$.

(3) *Time to deposit.* In the case of the deposit required under paragraph (a) of this section for the period beginning September 16th, the deposit must be made by September 28th unless—

(i) September 28th is a Saturday, in which case the deposit must be made by September 27th; or

(ii) September 28th is a Sunday, in which case the deposit must be made by September 29th.

(c) *Effective date.* This section is applicable with respect to deposits that relate to calendar quarters beginning on or after October 1, 2001.

[T.D. 8963, 66 FR 41777, Aug. 9, 2001]

§ 40.6302(c)-3 Special rules for use of Government depositaries under chapter 33.

(a) *Overview.* This section sets forth an alternative method for computing the amount of deposits of taxes imposed by chapter 33, and provides rules relating to the time for making a deposit and the amount of tax to be reported on the return of tax for each quarter by persons using the alternative method. The safe harbor rules for computing deposits of tax using the alternative method and the general rules relating to deposits are set forth in § 40.6302(c)-1 and apply unless inconsistent with the rules set forth below.

(b) *Alternative method for computing deposits—(1) In general—(i) Alternative method.* Any person required to collect and pay over any tax imposed by chapter 33 may compute the amount of that tax to be deposited on the basis of amounts considered as collected (the “alternative method”) instead of on the basis of actual collections of tax.

(ii) *Using more than one method to compute deposits.* A person may compute deposits of tax imposed by one or more sections of chapter 33 using the alternative method provided by this section and compute deposits of taxes imposed by other sections of chapter 33 on the

basis of amounts actually collected using the rule of § 40.6302(c)-1(c)(1). For purposes of this paragraph (b)(1)(ii), the taxes imposed by section 4261(a) and (b) are treated as taxes imposed by the same section.

(2) *Applicability*—(i) *In general*. A person may use the alternative method with respect to a tax only if the person—

(A) Separately accounts for the tax in accordance with paragraph (b)(2)(ii) of this section; and

(B) Makes a return of the tax on the basis of the amount of the tax that is considered as collected.

(ii) *Separate account*. The account required under paragraph (b)(2)(i)(A) of this section (the separate account)—

(A) Must reflect for each month all items of tax that are included in amounts billed or tickets sold to customers during the month;

(B) May not reflect an item of adjustment for any month during a quarter if the adjustment results from a refusal to pay or inability to collect the tax and the uncollected tax has not been reported under § 49.4291-1 of this chapter on or before the due date of the return for that quarter; and

(C) Must reflect for each month items of adjustment (including bad debts and errors) relating to the tax for prior months within the period of limitations on credits or refunds.

(iii) *Change of method*. The method of computing deposits of tax imposed by a section of chapter 33 (as described in paragraph (b)(1)(ii) of this section) may be changed only at the beginning of a calendar quarter. Before a person changes the method used to compute the amount of tax to be deposited and reported for a calendar quarter, the person must notify the Commissioner so that proper adjustments may be made in order to properly reflect that person's collections of excise tax.

(3) *Period during which tax is considered as collected*. For purposes of this section, the tax included in amounts billed or tickets sold during a semi-monthly period (as defined in § 40.0-1(c)) is considered as collected during the first seven days of the second following semimonthly period. Thus, the tax included in amounts billed or tickets sold during the first semimonthly

period of a calendar month is considered as collected during the period of the 1st day through the 7th day of the following month; the tax included in amounts billed or tickets sold during the second semimonthly period of a calendar month is considered as collected during the period of the 16th day through the 22nd day of the following month.

(4) *When amounts are billed*. For purposes of this section, an amount is billed on the earlier of the date the amount is received or the date a bill for the amount is rendered.

(c) *Time to deposit*. Under the alternative method, the deposit of tax for any semimonthly period must be made by the third banking day after the seventh day of that semimonthly period. Thus, for example, the deposit for the semimonthly period beginning on January 1, 1993 (relating to amounts billed between December 1st and December 15, 1992) is due by January 12, 1993, three banking days after January 7, the seventh day of the semimonthly period.

(d) *Computation of net amount of tax that is considered as collected during a semimonthly period*. The net amount of tax that is considered as collected during the semimonthly period must be either the net amount of tax reflected in the separate account for the corresponding semimonthly period of the preceding month or one-half the net amount of tax reflected in the separate account for the preceding month.

(e) *Reporting of tax*. If a tax is deposited under the alternative method for a calendar quarter, the return of tax for the quarter must report the net amount of the tax that is considered as collected during the quarter and not the amount of the tax that is actually collected during the quarter. The amount to be reported for each month is the net amount of tax reflected in the separate account for the preceding month. For example, amounts billed in December, January, and February are considered as collected during January, February, and March, and are reported as the collections of tax for January, February, and March (the first calendar quarter). Thus, the net amount of tax reflected in the separate accounts for December, January, and

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February is the amount reported as collections for the first quarter.

(f) *Special rules for September*—(1) *Deposits required.* In the case of alternative method taxes charged (that is, included in amounts billed or tickets sold) during the first semimonthly period in September, separate deposits are required for the taxes charged during the period September 1st–11th and the period September 12th–15th.

(2) *Time to deposit*—(i) *In general.* The deposit required for alternative method taxes charged during the period beginning September 1st must be made by September 29. The deposit required for alternative method taxes charged during the period ending September 15th must be made at the time prescribed in paragraph (c) of this section for making deposits for the first semimonthly period in October.

(ii) *Due date on Saturday or Sunday.* A deposit that would otherwise be due on September 29 must be made by September 28 if September 29 is a Saturday and by September 30 if September 29 is a Sunday.

(3) *Amount of deposit.* The deposits of alternative method taxes required for the period September 1st–11th and the period September 12th–15th must be not less than the amount of alternative method taxes charged during the respective periods. The amount of alternative method taxes charged during these periods may be computed by—

(i) Determining the net amount of alternative method taxes reflected in the separate account for the first semimonthly period in September (or one-half of the net amount of alternative method taxes reasonably expected to be reflected in the separate account for the month of September);

(ii) Treating $\frac{11}{15}$ of that amount as the amount of taxes charged during the period September 1st–11th; and

(iii) Treating the remainder of the amount determined under paragraph (f)(3)(i) of this section (adjusted, if that amount is based on reasonable expectations, to reflect actual taxes charged through the end of September) as the amount charged during the period September 12th–15th.

(4) *Safe harbor rule based on look-back quarter liability.* The safe harbor rule of

§ 40.6302(c)-1(b)(2) does not apply for the fourth calendar quarter unless—

(i) The deposit for alternative method taxes charged during the period September 1st–11th is not less than $\frac{11}{15}$ of the net tax liability reported for alternative method taxes for the look-back quarter; and

(ii) The total deposit for alternative method taxes charged during the first semimonthly period in September is not less than $\frac{1}{2}$ of the net tax liability reported for alternative method taxes for the look-back quarter.

(5) *Persons not required to use electronic funds transfer.* In the case of a person that is not required to deposit excise taxes by electronic funds transfer (a non-EFT depositor), the rules of this paragraph (f) apply with the following modifications:

(i) The taxes for which separate deposits must be made are the taxes charged during the periods September 1st–10th and September 11th–15th.

(ii) The deposit required for taxes charged during the period beginning September 1st must be made by September 28. A deposit that would otherwise be due on September 28 must be made by September 27 if September 28 is a Saturday and by September 29 if September 28 is a Sunday.

(iii) The generally applicable fractions and percentage are modified to reflect the different deposit periods in accordance with the following table:

Generally applicable fractions and percentage	Modifications for non-EFT depositors
11/15	10/15.
11/90	10/90.
69.67 percent	63.33 percent.

(g) *Effective date.* This section is applicable with respect to deposits and returns that relate to taxes that are considered as collected in calendar quarters beginning on or after October 1, 2001, except that paragraph (b)(2)(ii)(B) of this section is applicable October 1, 2004.

[T.D. 8442, 57 FR 48177, Oct. 22, 1992, as amended by T.D. 8685, 61 FR 58006, Nov. 12, 1996; 63 FR 15292, Mar. 31, 1998; T.D. 8963, 66 FR 41778, Aug. 9, 2001; T.D. 9051, 68 FR 15941, Apr. 2, 2003; T.D. 9149, 69 FR 48394, Aug. 10, 2004; T.D. 9221, 70 FR 49869, Aug. 25, 2005]